

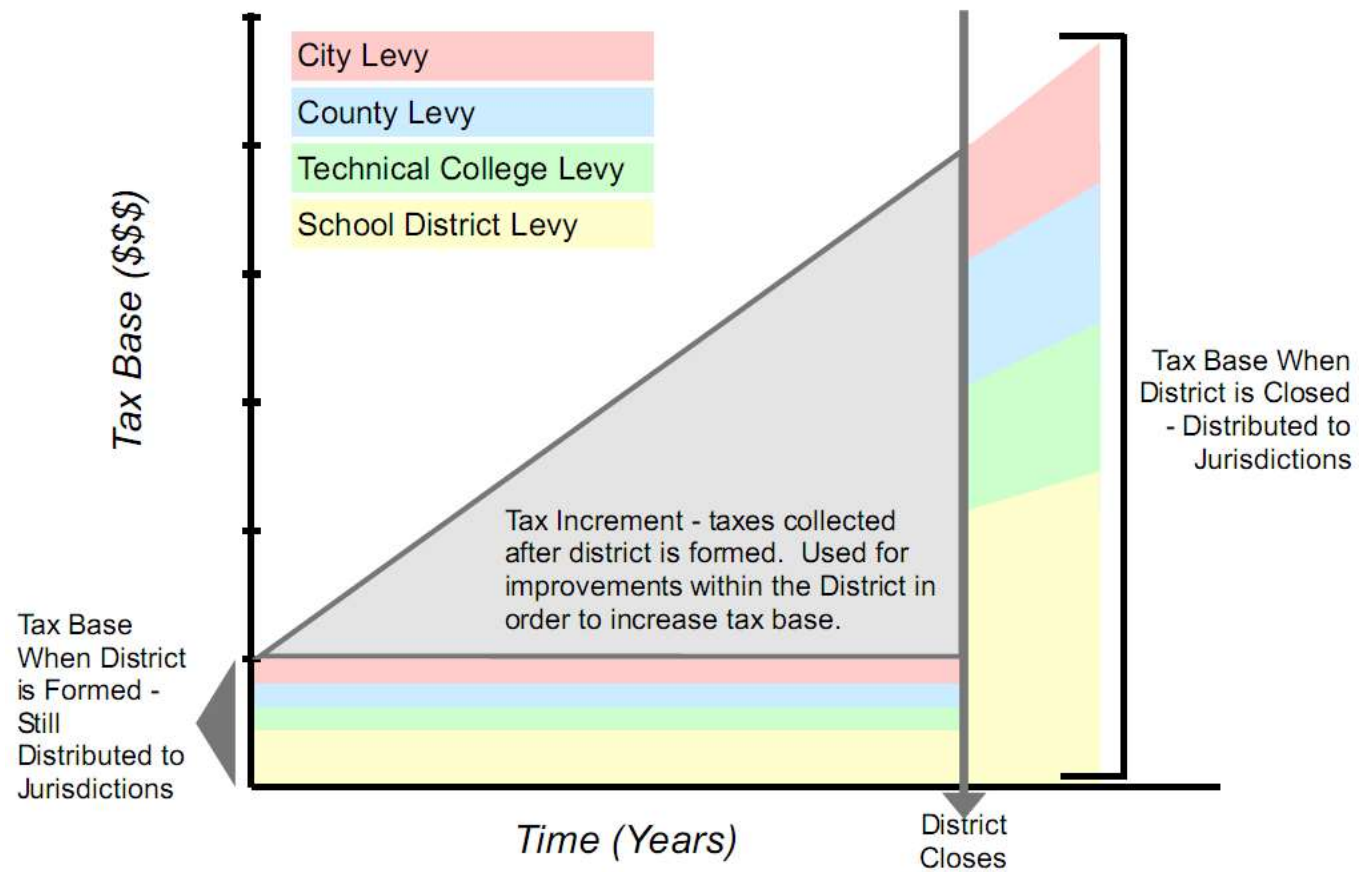


# *Tax Increment Financing 101*

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WISCONSIN ECONOMIC DEVELOPMENT ASSOCIATION

# Tax Increment Financing



Source: Vierbicher Associates

## I. UNDERUTILIZED PROPERTY

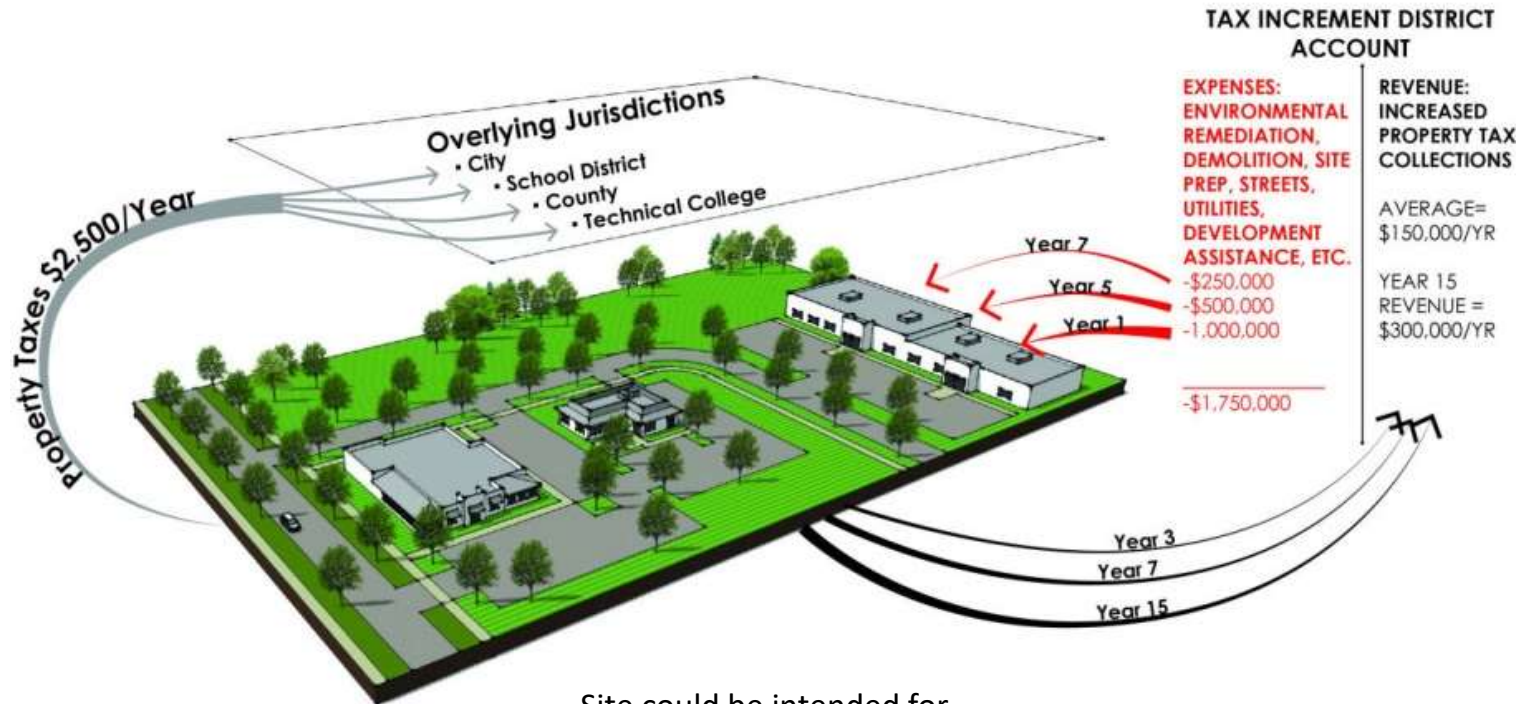


Property Assessed at \$100,000  
Mill Rate = \$25/\$1,000 Valuation

Area could be undeveloped and without public services, or it could be a blighted and under-utilized area.



## II. INFRASTRUCTURE & IMPROVEMENTS



Site could be intended for industrial development, blight elimination and redevelopment or mixed-use development.



### III. TAX INCREMENT DISTRICT DISSOLVES



# Tax Increment Financing 101

- Methods for funding TID projects
  - City borrowing (G.O. Bonds)
    - Increments are used to pay off the debt
  - Pay-as-you-go (also called “Developer Funded”)
    - Developer pays costs up front and as property taxes are paid by developer, a reimbursement (%) is paid back to developer until incentive is paid off.
    - Many municipalities like this because risk is on the developer, not the municipality.

# Joint Review Board – Managing Risk

- Made up of representation from the affected taxing bodies and a citizen representative
- Must approve the district and any amendments
- Three factors for reaching a decision (statutory):
  1. “But for” the TIF...the project would not occur
  2. Economic benefit to area vs. costs of improvements ... know your breakeven point!
  3. Benefits of proposal outweigh the investment of tax revenue from overlapping jurisdictions